

OCT 10 1955

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Claims for Damaged Household Goods of [REDACTED]

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1. [REDACTED] staff employees of [REDACTED] were sent to [REDACTED] in early 1951. Their household effects were packed for overseas shipment by the [REDACTED] Company, Inc. of Washington, D. C., under an Agency contract. The record clearly indicates gross negligence in packing of the effects which resulted in [REDACTED] reporting damages in the amounts of \$537.00, \$339.00, and \$1810.00, respectively, to the Agency. In the fall of 1951, the Agency filed formal claims against [REDACTED] and the shipper; both denied liability. Subsequent letters to [REDACTED] including letters implying legal action, have received no reply.

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2. Repeated efforts were made in an attempt to have the General Accounting Office take action by way of possible setoff against other amounts due and payable by the Government to [REDACTED]. The General Accounting Office in a formal opinion advised that there was no legal basis for such action.

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3. The Headquarters Board of Survey, on the basis of the General Accounting Office opinion, determined that reimbursement could not be made to these employees. The General Counsel has ruled that under normal principles applicable in such cases, the Agency could not reimburse these employees for the damages suffered.

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4. [REDACTED] understood that the Agency was endeavoring to effect a settlement of their claims and the possibility of personal legal action against [REDACTED] had not been discussed with them. After all efforts to effect settlement had failed, the General Counsel's office turned to personal legal action against [REDACTED] to find that such action was barred by the three year Statute of Limitations applicable in the District of Columbia. Therefore, at this time, it appears that all avenues of relief for these employees have been exhausted.

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~~CONFIDENTIAL~~

25X1A9a 5. In this type of situation I believe the Agency has a degree of responsibility. While it is true that [REDACTED] and 25X1A9a [REDACTED] were free to determine on their own that they should take personal action, this course of action was never suggested to them. It is also true that they were overseas during a portion of this period and that they, as well as other Agency officials, assumed that the best chance of settlement was through official Agency action. Therefore, their present position and financial hardship can be attributed in part to the incomplete advice furnished by Agency officials and the extremely slow handling of their claims by the Agency. Moreover, if these individuals had been covert employees on the theory that security precluded legal action, the Agency probably would have made reimbursement in a routine manner.

FOIAb5 6. To the extent that the Agency has contributed to the dilemma in which these employees now find themselves, I believe we should accept responsibility. [REDACTED] FOIAb5

15/
L. K. WHITE
Deputy Director
(Support)

CONCUR:

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15/
[REDACTED]
Inspector General

28 Sept. 1955
Date

The recommendation contained in paragraph 6. is APPROVED (~~DISAPPROVED~~):

ALLEN W. DULLES

Director of Central Intelligence

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